

IMPLEMENTATION OF COST ALLOCATION DETERMINATIONS UNDER THE AGRICULTURE RESEARCH, EXTENSION AND EDUCATION REFORM ACT¹

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PART I: PREAMBLE

BACKGROUND

The Temporary Assistance for Needy Families (TANF) block grant replaced the former Aid to Families with Dependent Children (AFDC) program. The TANF block grant was based on historical spending levels of the former AFDC program. The rationale for charging common costs to AFDC was based on legislative history, not standard accounting procedures. These common costs included eligibility determination activities that also benefited the Medicaid and Food Stamp programs. This allocation methodology became known as ~~A~~primary program~~@~~. However, with the elimination of the AFDC program and the approval of revised public assistance cost allocation plans, the OMB cost principles applicable to the States (OMB Circular A-87) require that common costs be allocated to all ~~A~~benefiting programs~~@~~.

WHAT THE AGRICULTURE RESEARCH LEGISLATION DOES

The Congressional Budget Office projected a budgetary increase in Medicaid and Food Stamps administrative costs as a result of States allocating these common administrative costs to Medicaid and Food Stamps. While there was general recognition of this budgetary effect, a state-by-state approach was incorporated into the final legislation to reflect the variation in State practices. Section 502 of the Agriculture Research, Extension and Education Reform Act requires the Secretary of HHS, in consultation with the Secretary of Agriculture and the States, to determine

¹Paper Work Reduction Act Statement

A federal agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a currently valid OMB control number. The OMB Control No. is 0990-0224. Public reporting burden for this collection of information is estimated to average 132 hours per State, including time for reviewing instructions, searching existing data sources, gathering and maintaining the necessary data, and completing and reviewing the collection of material.

the amount of common costs attributable to eligibility determinations charged to AFDC that could have been allocated to the Medicaid and Food Stamp programs. Once these determinations are made, the Secretary of Agriculture will reduce (adjust) the federal reimbursement of State Food Stamp Program administrative costs otherwise payable by the amount of the HHS determination.

DRAFT GUIDELINES AND REACTION OF STATES

HHS, in consultation with the States, USDA, and OMB, developed a draft guide to be used for a state-by-state analysis for making these determinations and adjustments. In response, the States have raised the following areas of concern:

- Inequity of the statute;
- Overly broad scope of activities included in the definition of eligibility determination costs;
- Clarity of guidelines, and not enough flexibility for unique State practices; and
- Word choice in the guidelines.

HHS RESPONSE TO STATE CONCERNS

For the majority of issues, the Department was able to accommodate the State concerns. In the re-write of the guidance, HHS has addressed issues regarding word choice, characterizations and clarity of the draft guidelines. In addition, the final guidance clearly spells out where flexibility in the individual State practices can be accommodated. However, HHS respectfully disagrees with the assertion that the scope of costs included in the determinations is too broad, and cannot address concerns that arise from the statute itself.

The revised guidelines included the following specific changes:

1. Explains that alternative data and years may be used to analyze base year administrative costs where documentation for the base year no longer exists;
2. Clarifies that adjustments will be made only to the extent States used primary program;
3. Allows States to use an optional simplified formula to compute the adjustment in lieu of an in-depth analysis;
4. Recognizes that the States will aggregate costs based on the actual accounting practices employed at the time;
5. Permits States to deviate from standard weights assumed in the guide;
6. Recognizes that the summary schedules in the guide for reporting adjustments will be adapted to each State's organizational and accounting structure;
7. Provides examples of primary program permutations to assist States in isolating only those costs or activities that must be adjusted;
8. Provides examples of non-AFDC programs that can be excluded; and
9. Makes provisions for State-supervised systems.

The revised guidelines were not amended to reflect any change in HHS' interpretation of Administrative costs common to determining...eligibility.@ HHS requires that all costs that were allocable to the eligibility function be subject to adjustment if they were claimed under a primary program approach. Such costs include space, utilities, supplies, indirect costs, etc. As these costs are now allocable to the Food Stamp program, it would not be consistent with the legislation to exclude them from costs to be adjusted.

While the States may continue objecting to aspects of the legislation and its implementation by HHS, the Secretary of Health and Human Services must carry out current law and can not rectify concerns that arise from the statute itself. A primary statutory concern among the States was that the legislation prohibited the use of TANF funds to offset the Food Stamp adjustment. Further, States are concerned that the act did not reduce the States' matching requirements (maintenance of effort) under TANF for the State share of Food Stamps costs that will be allocated to that program.

HHS IMPLEMENTATION OF THE LEGISLATION

HHS will issue each State this guide to assist them in: (1) determining whether States were using primary or benefiting program in the year used to establish the TANF Block grant; (2) aggregating costs that will be subject to adjustment, if applicable; and (3) re-allocating those costs using a benefiting approach. States should submit their adjustment guide with supporting worksheets to the HHS Division of Cost Allocation by October 15, 1998. The DCA will make recommendations to the Secretary for a determination of adjustment by December 20, 1998. The Department will continue to consult with the States on the implementation of the Guidelines throughout the process, and to issue clarifying questions and answers as appropriate. We have established a web site at www.hhs.gov/progorg/oarcptanf/index.htm to post up to date information on further clarifications of the guidance. You may also email your questions to the cost policy staff at: ags@os.dhhs.gov.

PART II: PROTOCOL FOR COMPUTING THE FOOD STAMP ADJUSTMENT AND IDENTIFYING MEDICAID COMMON COSTS CHARGED TO AFDC

I. OVERVIEW OF PROJECT

A. BACKGROUND

The Personal Responsibility and Work Opportunity Reconciliation Act (P.L. 104-193) replaced the former Aid to Families with Dependent Children (AFDC) entitlement program with the Temporary Assistance for Needy Families (TANF) block grant. The basis for the block grant funding was actual AFDC State expenditures in either FY94 or FY95 or an average of State expenditures between 1992-1994, whichever was higher. Prior to the passage of TANF, States determined eligibility and performed case maintenance activities for the AFDC program. Where an individual was eligible for AFDC, Medicaid (XIX) and Food Stamps (FS), the common or joint costs attributable to the three programs were typically charged to AFDC.² This costing practice is referred to as Aprimary program.@ The rationale for charging common costs to AFDC was rooted in Congressional action and differed with generally accepted cost accounting principles. Many States have sought to follow the cost principles of OMB Circular A-87 and the HHS ASMB C-10 which require Abenefiting program,@i.e. common costs must be allocated to all benefiting programs/ activities. States were required to implement TANF no later than July 1, 1997.

B. ISSUE

P.L. 105-185, the Agriculture Research, Extension and Education Reform Act, requires that the Secretary of HHS, in consultation with the Secretary of Agriculture and the States, determine the amounts charged to the former AFDC program in the States= TANF base year that could have been allocated to Food Stamps and Medicaid for common administrative costs.

² Discrete or incremental costs of the FS and XIX programs were typically charged to the appropriate program. However, in many States, both the AFDC, XIX and FS common costs and discrete AFDC activity were combined with no distinction between the two. As such, in many States the discrete AFDC activity is indistinguishable from common activities.

The amounts attributable to FS are to be deducted from FS administrative cost claims for fiscal years 1999-2002. The Agriculture legislation (P.L. 105-185) further stipulates that States may not use TANF funds to pay for this offset, nor does it provide for a decrease in maintenance of effort (MOE) expenditures under TANF.

C. PURPOSE

The purpose of this analysis is to determine, for each State's TANF base year(s): (1) if it used a primary program allocation methodology, and (2) if so, the amount of common administrative costs for eligibility determination attributable to AFDC, Medicaid and Food Stamps that were charged just to AFDC. Where the primary program allocation methodology was used, these amounts will be computed based on how each State allocated costs in its base year, regardless of how costs were allocated after the State implemented its TANF program. The non-AFDC costs, where applicable, will be established on a state-by-state basis with each State proposing an amount attributable to the Food Stamp and Medicaid programs. The annual amount determined for Food Stamps will be adjusted, to the extent practicable, on a quarterly basis.

D. SCOPE

The AFDC costs to be adjusted are just those attributable to assistance payments under that program. As such, the base to be adjusted would not apply to administrative costs for AFDC-Foster Care, Emergency Assistance, JOBS, at-risk child care, etc. that were charged to AFDC. It is assumed that States separately identified these activities and they are not included in the AFDC base. If the costs related to these programs are included in a generic AFDC case count or coding of time, they should be backed out. Where this condition exists, a State is free to propose any method(s) that would reasonably back these costs out of the AFDC assistance payment base that is to be adjusted. However, such an analysis must also include the AFDC discrete time as well. The standard 20% adjustment for this cost referenced in the Worksheet Instructions cannot be used.

We have also made the assumption that Child Support (IV-D) activities are included in the AFDC assistance payment administrative base since there was no reason to separately identify these costs. (The IV-D regulations had the effect of making these a discrete or incremental cost to the AFDC program.) Even if those activities were separately identified, it would be inappropriate to allocate common costs to that program. The referral of individuals to the IV-D unit is viewed as a benefit to the three assistance programs because the IV-D program reduces the other programs' costs. Therefore, the IV-D program could be viewed as a common cost benefiting all three programs. However, since these costs were treated as a discrete AFDC cost and were included in the TANF block grant, we have determined that the IV-D related activities should be included in the standard 20% adjustment for AFDC discrete costs (see Worksheet Instructions). States may separately identify all AFDC incremental or discrete costs/activities in lieu of the standard 20%, but they must be fully documented.

E. ANALYSIS APPROACH

HHS, in consultation with USDA, OMB and the States, developed a Food Stamp Adjustment Package that is to be used by each State as a guide to determine if they had used a primary program allocation methodology in their base year(s) and, where applicable, compute and propose an adjustment amount based on a model provided. Each primary program State will develop its proposal based on its actual cost accounting practices and expenditures in its base year. Where data no longer exists, a proxy year will be permitted. Where some statistics are no longer available, the States can propose an alternative allocation basis. These amounts will be computed based on how common costs were allocated during the base year regardless of how they were allocated/charged after the States implemented their TANF programs. The adjustment will only apply to those expenditures charged to the AFDC program in the base year that were determined in that year using a primary program approach.

Where a State allocated costs in the base year using primary program methodology, the computation will primarily focus on the local welfare office involving the income maintenance function (also known as the eligibility worker function, but hereafter referred to as the IM function). Also to be included are any other activities, functions or organizational units allocated in the base year based on local IM statistics. In addition, the calculation will include costs/organizational units that were allocated based on some other statistics but nevertheless were essentially a primary program approach whereby AFDC was the primary program. The determination of costs will include maintenance and operations (M&O), general and administrative (G&A), and indirect costs (IDC) where they were allocated based on primary program.³

Costs subject to the analysis consist of common administrative costs that benefited AFDC, Medicaid and FS, but were charged to AFDC. Where a State allocated common costs to all three programs, or appropriate case mix, e.g. AFDC/FS, no adjustment will be required. Common administrative costs associated with eligibility determination include the collection/recording of names, Social Security Numbers (SSNs), residence, date of birth (DOB), collateral information, work history, income, other resources, and any other information or data required by any of the programs but which were charged to AFDC in the base year. The *criteria* to be used to assess whether a cost, activity or data element charged to AFDC is common is: would the cost, activity or data element have occurred in the absence of the AFDC program. If the answer is **Yes**, then

³ The Act stipulates that the adjustment will apply to administrative costs common to determining... eligibility....⁴ Based on generally accepted accounting principles, OMB A-87 rules, and HHS' interpretation of the statute, we intend to adjust any administrative costs associated with determining eligibility that were charged to the former AFDC program that would have been allocated to FS and XIX had the costs been allocated based on benefiting program. Where a primary program state distributes M&O and G&A (indirect costs) to the eligibility function based on data derived from a primary program approach, those costs are included as part of "total eligibility" costs. In addition, costs associated with such activities as hearings and fraud which impact the determination of eligibility or ineligibility for assistance will be included. Any M&O or G&A costs originally allocated to these activities would also be included in the total amount to be adjusted. These costs will only be adjusted where they were originally allocated to AFDC based on primary program.

the costs are considered to be common. (In applying this test to an AFDC/XIX case, there would be common costs but with the elimination of the AFDC case, the common costs become 100% direct to XIX.)

F. OPTIONAL FORMULA APPROACH

HHS is required by statute to determine the adjustment on a state-by-state basis and therefore cannot compel States to make the FS Adjustment based on a formula. However, in soliciting comments from the States on how we proposed to implement the Act, it was recommended that the States be offered an alternative formula to substitute for the in-depth analysis proposed by HHS. We have adopted this suggestion to provide the States with a simplified method to identify Food Stamp adjustments. In lieu of the analysis approach, primary program States may opt to compute the adjustment as follows:

$$\frac{(80\%)(\text{Total AFDC Base Year Administrative Expenditures})}{3} \times 50\% \text{ FFP}$$

The total AFDC base year administrative expenditures may exclude administrative costs for non-AFDC assistance payment programs such as emergency assistance, Foster Care, JOBS, at-risk child-care, etc. that may have been charged to AFDC administration. (Most states separately identified these costs.) While different among the States, we would generally expect these costs to be a relatively small percentage of total AFDC administrative costs. For States selecting this optional formula, documentation should be submitted to the DCAs for any non-AFDC program administrative costs that are being deducted from the base.

II. ANALYSIS TO BE PERFORMED

A. GENERAL

For those States not opting for the Formula Approach, each will perform its own analysis to determine if they operated under a primary program approach in the base year. If so, they will determine the estimated amount to be adjusted and, accompanied with supporting documentation, propose this to the cognizant HHS Division of Cost Allocation (DCA) Field Office. Where a State determines that it operated under a benefiting program approach in the base year, documentation to support this conclusion will be submitted to the cognizant DCA. While excerpts from the State's Public Assistance Cost Allocation Plan (PACAP)⁴ can be included in the State's submission, it will also need to include additional documentation to support the State's position, such as time study instructions; copies of summary schedule(s) of statistical data as applied to cost data; instructions to statisticians as to how to array and count cases; examples of time sheets or

⁴ Virtually all the States stipulated in their PACAPs that "costs are allocated to benefiting programs". Not stipulated was that many States were using benefiting program except where authorizing legislation required or assumed a primary approach for a given program, e.g. AFDC.

T&E reports traced to summary schedules; summary schedules of IM worker time for the IM pool; prior audit reports.

The following sets forth a general approach for those States determined to have used a primary program methodology in the base year to establish the non-AFDC common costs included in the TANF grant. As each State's program delivery system and organizational structure is different, it will be necessary to tailor the review for each State. Again, for the purposes of establishing the non-AFDC costs, this analysis does not take into consideration how the State began charging costs after the implementation of TANF, although it can be a tool in identifying common costs. The analysis is only intended to determine the amount of funds included in the TANF block grant attributable to Medicaid and FS common costs claimed against the AFDC program during the applicable base year for each State.

B. PRIMARY PROGRAM VARIATIONS AND INTERPRETATIONS⁵

A primary program is the non-conventional accounting practice of charging costs that benefit more than one program entirely to one. (In the early seventies this practice was also referred to as the piggy-back approach.) While this definition can be viewed as straightforward, its implementation in the States varied and is not always readily identifiable. The following are some of the permutations and definitional problems that exist.

Federal cost allocation practitioners are unable to identify any instances where a State PACAP has declared that certain costs were allocated based on primary program. Those plans stipulate that costs are allocated to benefiting programs. In the context of the interpretation of the AFDC legislation, a declaration of the use of benefiting program was correct. The AFDC legislation was interpreted to require that the common costs of determining eligibility for AFDC, XIX and FS would all be charged to that program. As such, common costs actually benefiting the three programs were considered to be solely an AFDC cost making it the only benefiting program.

States that used case/recipient counts generally allocated costs by one of two means: duplicated counts or unduplicated counts. Unduplicated counts counted cases involving multiple programs as being only one specific program, e.g. an AFDC/XIX/FS case was counted as being an AFDC case. States using a duplicated case count would have counted the same case mix as being a case countable under each program. As such, unduplicated case counts constitute a primary program methodology and duplicated reflects a benefiting program approach. In those States that used an unduplicated case count to allocate costs, those cases should be re-counted using a duplicated approach for purposes of this project. An assumption is made that the State has statistical data that reflects the total number of cases by case mix configuration. If this data is non-existent, some other basis will have to be used, such as the number of applications made, QC data, etc.

⁵In this discussion of primary program variations, case mix and case time codings by IM workers are used interchangeably. In T&E States, workers typically code their time to specific programs or groupings of programs, whereas in case count States, cases are counted by program or groups of programs.

Some States may have concluded that because they charged discrete costs to each program, e.g., Early Periodic Screening, Diagnosis and Treatment (EPSDT) referrals to Medicaid, they were operating under a benefiting approach. But if Medicaid did not receive a proportionate share of common administrative costs allocable to XIX eligibility determinations, then the State was utilizing a primary program methodology.

A few States may have mis-interpreted the A-87 requirement that costs be allocated to benefiting programs by concluding that costs could be charged entirely to a single benefiting program. (Neither OMB nor HHS has made such an interpretation.) In the absence of deviating legislation, costs must be allocated to all activities/programs that benefited from that cost.

Some States may have designated another program as primary. For example, a joint AFDC/FS case may have been charged entirely to FS (either worker time or counted as FS under a case count allocation base).⁶

A hybrid of the two methodologies might also be found. A combination case consisting of AFDC/XIX/FS might have been allocated just to AFDC and FS, with the result being that Medicaid common costs were distributed equally to the two programs. For purposes of this analysis, only the portion of XIX costs charged to AFDC needs to be accounted for. (The legislation requires that both the XIX and FS costs that were charged to AFDC be identified.) For those States using T&E systems⁷, there may be some States that did not use a category or classification of cases identified as AAFDC/XIX/FS@. Rather they may have distinct categories such as AAFDC@, AFS@ and AXIX@. Unless the State had separate units (divisions) performing separate, yet redundant, eligibility determinations for each program, it is unlikely that the State was allocating costs based on benefiting program. In all probability, the State viewed an AAFDC/XIX/FS@ case as AAFDC@ (in T&E states the workers coded their time this way or the State counted a combination case in this manner). Similarly, a AAFDC/FS@ case might also be viewed as being an AAFDC@ case/time. The T&E instructions should provide an explanation to the IM workers how they were to code specific classifications of case groupings. Interviews with State employees can also be an aide in determining the true definition of certain terms. For those states using case counts, a review of instructions for preparing reports or detail schedules supporting summary statistical reports should identify how multiple case mixes were handled. In summary, for case count states fitting these circumstances, if no statistics are reflected for multiple cases, then it should be concluded that the State was primary. (If the State were operating under a benefiting approach, statistical data would have to be rolled-up reflecting four categories -- the three programs accounting for discrete costs and another to capture common, which would be re-allocated back to the three equally.)

Related to the above lack of uniformity in the definitions of case configurations, this could also occur where organizational units are direct charged to programs, i.e. the State did not use either

⁶This practice is neither supported by A-87 nor the FS legislation. However, for the purposes of this project it has no bearing on the FS Adjustment as the common costs were not included in the TANF base year or block grant.

⁷We are using a generic term of Atime and effort systems@(T&E) to refer to methodologies using worker time as the basis for allocating costs, e.g., time sheets, random moment sampling (RMS), etc.

case counts or a T&E system. Some States are organized where separate units work only on specific programs. For example there might be a public assistance (PA) or AFDC unit charged to AFDC, a Medicaid-only unit charged to Medicaid and a non-PA unit charged to FS. In all probability this does not mean that the State was employing a benefiting program approach. For example, the PA unit might determine eligibility for AFDC and General Assistance (GA) cases that also included FS and/or XIX benefits. The non-PA unit could determine FS eligibility for those clients who did not qualify for AFDC or GA. The Medicaid-only unit would be left to determine eligibility for medical assistance only cases and those receiving non-PA FS. (There could be other permutations of divisions of work among organizational units.) Given the scope of this analysis, the focus is limited to only adjusting any AFDC claims that included costs allocable to FS and Medicaid. As such, the PA unit should be re-allocated to GA, AFDC and FS. Only the amounts re-allocated to FS would be included in the computation of Medicaid and FS costs included in the TANF grant.

C. ESTABLISHING THAT PRIMARY PROGRAM WAS USED IN THE BASE YEAR

An analysis of the base year public assistance cost allocation plan (PACAP) will have to be conducted. (Where a State concludes that it was operating under a benefiting program approach, the analysis must be submitted to the DCA.) A review of the local IM cost pool/center in the plan will usually establish whether the primary program approach was used, i.e., if common administrative costs for an AFDC/Medicaid/FS case/time were charged just to AFDC.

For those States using time studies or time and effort (T&E) reports, time is typically captured by program(s). For example, a program category **AAFDC/XIX/FS** denotes a categorical eligibility determination whereby eligibility was concurrently determined for all three programs. The instructions for the T&E system should explain the nature of activities charged to this and all other program/activity codes. Either the PACAP or the instructions for the T&E system (or both) should explain how or to what program(s) this activity was allocated/charged. If this case category was charged to AFDC, then the State operated under primary program. On the other hand, if this program category was further allocated to all three programs, it should be presumed that a benefiting program approach was used and no calculation of non-AFDC common costs is necessary. If a State does not have a classification for **AAFDC/Medicaid/FS** on its T&E data collection form but rather has separate classifications for each, e.g., **AAFDC**, **AMedicaid** and **AFS**, it can not be assumed that the State allocated costs to benefiting or primary program. It must be further determined if workers were identifying common costs and splitting their time to the three programs when they coded their time sheets or responded on a time study (See II.B. **AVariations** above).

For States using case or recipient counts, the PACAP should stipulate how these counts were made. If the State used unduplicated case/recipient counts, it charged programs based on the primary methodology. For purposes of calculating the non-AFDC amount, it is necessary to determine that the category **AFDC/XIX/FS** was counted as an AFDC case and the resulting statistics were used to charge that program. Where a State used duplicated counts for all three programs - AFDC, XIX, and FS - the State will be presumed to have used benefiting program and no calculation for non-AFDC common costs is necessary.

The above must be qualified based on how the State captured data and how it charged each program. For example, not all AFDC cases received both FS and Medicaid. They may have only received AFDC and Medicaid because their food needs were covered in a FS-only case awarded to another person in the household. In these situations, the State needs to determine if there were AAFDC/XIX@cases and were these statistics used to allocate costs 100% to AFDC. If this did occur, these additional non-AFDC common costs must also be included in the overall adjustment. Another iteration could be AAFDC/FS@cases which also must be accounted for in the adjustment. As a practical matter, the re-allocation of cost centers described above can be based on the total of these various case iterations. However, working papers should clearly document the detail of all statistics used to determine the non-AFDC costs. For example, the working papers for FS would reflect one-third of the AAFDC/XIX/FS@cases and fifty percent of the AAFDC/FS@cases. (Many States also have a category for AXIX/FS@which may have been charged, in total, to either Medicaid or FS. While that was an inappropriate practice, it has no bearing on this analysis.) For the purposes of this analysis, only cases/time charged to AFDC as the primary program which included either or both XIX and FS common costs needs to be adjusted.

D. DETERMINING THE FOOD STAMP ADJUSTMENT FOR COST CENTERS USING IM STATISTICS

The following steps only have to be performed by those States which have demonstrated that costs were claimed under a primary program methodology as described above. This is an overview of how the FS Adjustment is to be computed. A more detailed approach is contained in the attached Guide, Worksheets and Instructions.

For the base year, identify every cost center, function, activity or organizational unit for which the IM pool statistics were used to allocate costs. A review of the base year PACAP, T&E system or both should provide this information. If data is unavailable for the State's base year, FY95 data may be used and the ratio of the Food Stamp adjustment for FY95 applied to the base year expenditures. For those States which have a FY92 - FY94 average base year, the State can use the FY94 or FY95 PACAP, compute the percentage of Medicaid and FS costs to the total AFDC administrative costs for the selected year, and apply the percentage to each of the FY92 - FY94 years to compute an average for the base period. Where there are gaps in statistical data for a given cost center, the State should propose to the DCA a proxy base or statistics.

The following steps are for the purposes of : (1) establishing the common administrative costs for eligibility determinations charged to AFDC; (2) making any upward or downward adjustment to the common pool; and (3) reallocating the costs equally to AFDC, XIX and FS. In those States using T&E systems, for each cost center identified above, establish the amount of these costs captured under the AFDC/XIX/FS program category and charged to AFDC in the base year. Because States typically summarize statistical data to be used in allocating cost centers and pools, it will probably be necessary to obtain all statistics and re-cast the distribution of these cost centers. For example, in addition to a program category AAFDC/XIX/FS@, the State could very well have a separate charge code for each program reflecting program-specific or discrete activities, or the State may have captured, for management purposes, program charges broken down by specific activities. In such cases, the State probably summarizes these various charge codes under generic

program codes for purposes of allocating costs, e.g., AAFDC@. The program-specific or discrete statistics will have to be backed out to compute the common administrative costs. (Also to be included are other case iterations such as AFDC/FS, AFDC/XIX, etc.) The revised statistics need to be applied to the IM pool and any other cost center or pool which was originally allocated based on the IM statistics.

The approach is similar where a State uses recipients/case counts. The AFDC/XIX/FS, AFDC/FS, etc. counts will usually be added to a generic or total AAFDC@count prior to the allocation of costs. Again, the allocation of costs must be recalculate, using duplicated counts, to reflect allocable costs to the three programs.

E. MAKING ADJUSTMENTS FOR OTHER COSTS

In addition to the income maintenance pool, an adjustment will also have to be made for any other costs in support of the IM function not charged to the IM pool but nevertheless used data/statistics that were aggregated using a primary approach. These costs need to be re-cast whereby the common costs charged to AFDC are re-allocated to AFDC, XIX and FS. Lastly, the adjusted costs have to be fully loaded for M&O and indirect costs if not already done so through the re-allocation of the above cost centers and pool(s). When summarized, the federal financial participation (FFP) will be computed at 50%, including Electronic Data Processing (EDP)..

F. SUMMARIZING AND SUBMITTING DATA

The attached review guide and worksheets assists the States in developing the FS adjustment. For illustrative purposes, we have completed the worksheets based on the practices of a hypothetical State. We have intentionally kept the material simple in order that preparers of the FS Adjustment package could easily understand the scope of the project, what data was or was not necessary, and the logic that we employed to summarize and analyze the data. Each State's analysis and schedules will probably be more complex than the example. As the worksheets are essentially summary schedules and allocation spreadsheets, each State should be able to adapt them to their own needs. Through the use of the worksheets, as modified by each primary program State, our goal is to keep the scope of this project focused and achieve a high degree of consistency. However, for the reasons explained in the previous sections, each State's worksheets will vary in complexity based on its cost accounting system and the degree it used primary program in the base year.

GLOSSARY

The following are terms used throughout the Food Stamp Adjustment Package. Some States may have terms that are different from those used in the package. This glossary is provided to avoid confusion as well as provide assistance to users who may be unfamiliar with some of the accounting practices and program operations in a typical welfare department.

AFDC	Title IV-A of the Social Security Act - Aid to Families with Dependent Children - until August 22, 1996.
Benefiting Program	A principle of cost accounting whereby common or joint costs are allocated to all benefiting programs based on relative benefits derived.
Case Category	See Case Mix .
Case Mix	A grouping of programs that recipients are eligible for, e.g. AFDC/XIX/FS , AFDC/FS , etc.
Common Costs	Synonymous with joint costs. Can also mean common administrative costs/activities necessary for more than one program and therefore allocable to all.
Cost Center	A grouping of costs, by object of expenditure, supporting a function, organizational unit, program, purpose or mission.
DCA	The Division of Cost Allocation in HHS responsible for negotiating and approving indirect cost rates and cost allocation plans. Depending on context, can mean a given DCA Field Office, the entire function or HQs.
Dedicated Worker	A worker that only determines eligibility for one program, e.g. medical assistance only.
Direct Cost	A cost or activity that supports a single activity, purpose, program, cost center or pool. The term can have significant differences in meaning depending on the context. For example, the Commissioner of the welfare department is a direct cost to the IDC pool but is part of an organizational IDC. AFDC payments to a recipient is a direct cost of the AFDC program.
EW	Eligibility worker; also referred to as income maintenance worker.

FS	The Food Stamp Program operated by the U.S. Department of Agriculture.
G&A	General and administrative costs that in the government arena typically are synonymous with IDC. Could also refer to costs distributed from an umbrella agency to subordinate departments.
IDC	Indirect costs that proportionately support all functions/programs of an organization. In the commercial world, IDC typically refers to factory/operations overhead with G&A representing corporate overhead.
IM	Income maintenance worker, pool or function responsible for determining recipient eligibility for AFDC/XIX/FS and other non-social service programs.
IM Pool	A summary of local office/county cost centers performing eligibility determinations for XIX, FS, AFDC and other non-social service IM programs.
Joint Function Worker	An employee that works on both social service programs and conducts eligibility determinations for the IM programs. Typically found in very small offices/counties.
Joint Worker	An EW who performs eligibility determination for more than one IM program.
Joint Cost	A common cost/activity that supports more than one function/program in the organization, but not all. (See IDC.)
M&O	Maintenance and operations costs such as utilities, maintenance, depreciation/use allowances, etc. Can be pooled separately or direct charged to organizational units/cost centers.
MAO	Medical assistance only - a recipient that does not receive cash assistance from AFDC of TANF.
N-PA FS	Also referred to as Non-PA. A FS recipient that does not receive AFDC/TANF cash assistance.
PACAP	Public assistance cost allocation plan. A narrative description of the welfare department cost accounting system used to allocate total department cost, including SWCAP allocations, to federal and State programs. Unlike the SWCAP, the PACAP submitted to the DCA for approval does not always contain expenditure data. It is only up-dated

when programs are added or deleted, there are organizational changes or changes in the accounting system.

Primary Program	A non-conforming cost accounting practice where common costs that benefit multiple programs are allocated to only one program, thereby understating the true costs of the other programs that also benefited.
PRWORA	Personal Responsibility and Work Opportunity Reconciliation Act.
RMS	Random moment sampling time study used to capture worker activity which in turn is converted into statistics to allocate total costs to programs/activities.
SWCAP	State-wide cost allocation plan. A cost allocation plan that allocates all state-wide support agencies such as the State treasurer, finance, accounting, motor pool, audit, attorney general, etc. to operating departments, e.g. the welfare department, health department, transportation department, etc. This plan allocates expenditures which are included in each department's own indirect costs.
T&E	Time and effort reports completed by workers to identify how they expended their time on various programs, projects or activities. (In this package refers to all forms of effort reporting, time sheets, RMS, etc.)
TANF	Title IV-A of the Social Security Act since August 22, 1996 which replaced the former AFDC program. Temporary Assistance to Needy Families. One of several welfare programs/changes under PRWORA.
W/P	Work paper
XIX	Title XIX of the Social Security Act - Medicaid (Medi-Cal in California).

CALCULATION OF FOOD STAMP ADJUSTMENT
INSTRUCTIONS AND GUIDANCE FOR
USE OF THE ADJUSTMENT GUIDE AND WORKSHEETS

WORKSHEETS

Worksheet 1: Re-distribution of the IM Pool Statistics (cases or time)

This WS is used to re-distribute the IM Pool statistics for purposes of computing the XIX and FS case ratios or time that reflects those programs= share of common time/ratio that is to be adjusted.

Worksheet 2: Re-distribution of All Cost Centers/Pools using IM Pool Statistics as Base

This WS re-distributes all cost centers that were allocated using the IM pool statistics based on the ratios determined in WS1 to compute the allocable share of FS and XIX costs. Also, as appropriate, the WS picks up the base statistics to subsequently distribute IDC. In the example, the FS and XIX ratios were applied to each cost center's FTEs to arrive at an FTE count attributable to Acommon@.

Worksheet 3A: Re-distribution of Cost centers/Pools Based on "allocation base used"

This WS, as with WS2, re-distributes cost centers in support of the eligibility function such as Fraud and Abuse and Fair Hearings. The actual allocation basis used in the base year is to be used. In the example, cases were the allocation base. They were allocated equally to each program in the various case mixes similar to the re-distributions made in WS1. A separate AWS 3" will have to be completed for every organizational unit/cost center supporting the eligibility function.

Worksheet 3B: See WS3A

Worksheet 4: Re-Distribution of EDP Costs

As with the other WSs, this one also computes the FS and XIX share of common costs. In the example, the IM Pool statistics from WS1 were used (see discussion below).

Worksheet 5: Schedule of G&A and Other Joint Cost Centers/Pools Using a Common Base

This WS essentially re-distributes IDC to the FS and XIX base that, in the example, was computed in each of the previous WS. It is a summary of all XIX and FS FTEs attributable to Acommon@. The FTEs were expressed as a percentage of total Adirect@department FTEs and applied to the IDC pool.

Worksheet 6: Summary of FS and XIX Adjustments

This is a summary schedule of the calculations made on WS 1 -5.

The accompanying guide and worksheets are designed to assist States in developing the FS Adjustment. For illustrative purposes, we have completed the worksheets based on the practices of a hypothetical State. We have intentionally kept the material simple in order that preparers of the FS Adjustment package could readily grasp the scope of the project, what data was or was not

necessary, and the logic that we employed to summarize the data. It is a given that each State's analysis and schedules will be much more complex than the example. As the worksheets are essentially summary schedules and allocation spreadsheets, each State should be able to adapt them to their own needs. Through the use of the worksheets, as modified by each primary program State, our goal is to keep the scope of this project focused and achieve a high degree of consistency. However, for the reasons explained in the Protocol, each State's worksheets will vary in complexity based on its organizational structure, program options, cost accounting system, and the degree it used primary program in the base year.

The worksheets (WSs) reflect a hypothetical State that used a T&E system to capture the time income maintenance workers (IM pool) spent on various programs. Most States run parallel allocations for the base they have selected to distribute G&A and IDC, e.g. FTEs, S&Ws, MTDC, etc. In the example in the WSs, the State used FTEs to distribute these costs. As such, each WS not only provides for the actual re-allocation of costs but also for a conversion to FTEs in order to make a subsequent distribution of G&A and IDC on WS5. While the WSs are formatted to express expenditures/data by quarter, only totals contain data to ease cross-footing and referencing for the user. States are not required to breakout expenditures by quarter. They were entered in the example as most States, using electronic spreadsheets, would probably set them up this way.

We also entered in the example case designations for the regular AFDC payments (AAFDC@) and those for a unemployed parent program (AAFDC-UP@). States do not have to include this information on their worksheets submitted to HHS. They were put into the examples to emphasize that just administrative costs associated with assistance payments are subject to the adjustment. To be excluded are administrative costs related to AFDC-FC, EA, at-risk children, etc. States will have to prepare a subsidiary work paper reflecting the various permutations of AFDC cases, e.g. AFDC/XIX/FS, AFDC/FS, etc. and bring them forward to WS1.

State-supervised systems are, admittedly, problematic in that much of the information necessary to compute the adjustment may not be available at the State level. It would be an unreasonable burden for those States in this situation to have to prepare worksheets and supporting work papers for every county in the State. In lieu of this, States with state-supervised systems may base their adjustment on an extrapolation of those counties accounting for 75% of state-wide expenditures.

Some States do not distribute IDC to all levels within the organization but rather just to intermediate levels, such as State office divisions based on those offices' statistics with no inclusion of subordinate (local) office statistics in the base. The IDC distributed to the division level could be included in the allocation of the division to subordinate units. For these States, the WSs must be modified accordingly. In the hypothetical State, IDC were distributed down to the lowest organizational unit, by program.

In those States where the primary program methodology was used, it is accepted that an equal allocation of AAFDC/XIX/FS@time or cases to each program could result in some discrete AFDC activity being allocated to XIX and FS. HHS performed an analysis of several States' application for public assistance and determined that approximately 80% of the application was of a common nature with 20% or less being discrete AFDC activity. Based on this, States that used T&E

systems and did not separately account for discrete or incremental AFDC time may reduce the total AFDC time by 20% - See WS1. States that did identify the discrete or incremental time should back out the actual AFDC discrete time and allocate 100% of the remaining time equally to AFDC, XIX and FS. States wishing to distribute less than 80% must fully document their data and position.⁸

For those States that used case or recipient counts, the above adjustment has not been provided for the following reasons. If un-duplicated counts were used and an AAFDC/XIX/FS@ was counted as AAFDC@ not only were common costs charged to AFDC, but non-AFDC incremental costs as well. For example, AFDC would have been charged for social service and family planning referrals, third party liability (TPL) data collection, EPSDT referrals, state-only programs, possible FS budgeting activities, etc. As such, an adjustment for the AFDC discrete activities would not be appropriate without an adjustment for all other non-AFDC activities as well. HHS lacked information and data to make a reasonable assessment of the ratios that should be assigned to these various activities. States may propose an adjustment for these costs. However, any adjustment to case/recipient counts for AFDC discrete costs must be documented by the State and reflect adjustments for non-AFDC discrete costs as well.

WS3A and WS3B are examples of units that must be adjusted which used allocation statistics other than the IM pool statistics. The re-allocation of the Fraud and Abuse Unit on WS3B reflects an adjustment just to Medicaid. In this example, an assumption was made that the State originally allocated these costs to just AFDC and FS.⁹ If the activity was allocated to just AFDC, then an adjustment would have to be added to both programs. If allocated to all three, then no adjustment would be required. Other AFDC case mixes would also have to be adjusted,

The re-allocation of EDP on WS4 is a simplified approach that States may use as an option versus how these costs were actually allocated in the base year. It is recognized that many EDP organizations use very sophisticated job cost accounting systems that might involve upwards of a hundred cost centers. The analysis of each of these cost centers for this project could be a daunting task. The approach in WS4 deviates from the other WSs which make the adjustment based on how costs were actually allocated in the base year. WS4 takes the total amount allocated to AFDC for EDP, such as the FAMIS claim, and re-allocates it based on the IM pool statistics.

⁸The 20% standard representing AFDC discrete costs, while not arbitrary, is not based on extensive analysis. It was based on an analysis of several States PA applications. While we considered allowing no standard for discrete costs, i.e., 100% of the AFDC time would have to be allocated to the benefiting programs unless the State could document an adjustment for discrete AFDC time, we felt this was too much of a burden and inequitable to the States. It was our view that a number of States would view the 20% standard as reasonable. States may opt to make the 20% standard adjustment which will be accepted on its face. However, States are free to propose a greater amount provided they can support and document the adjustment in accordance with the criteria in the TANF Package.

⁹Years ago, all three programs reimbursed fraud costs at 50% FFP. As such, many States charged these costs entirely to AFDC, even though there was a benefit to Medicaid and FS as well. Subsequent FS legislation increased the FFP rate to 75% for that program. As a result, many States began splitting fraud costs between AFDC and FS when both programs benefited. As a result, XIX benefiting costs were distributed to the other two programs equally.

(States that used a primary program approach to allocate AFDC EDP costs may also apply the actual base used in the base year to allocate these costs.) This does not preclude a State from performing an in-depth analysis of cost centers that were allocated to the various MIS systems, including FAMIS, to determine which of the job accounting cost centers included common costs and those that did not, and in turn establishing a modified FAMIS amount for common costs that must be adjusted.

The worksheets take into consideration adjustments. There may have been subsequent disallowances not reflected in the base year accounting records or the State may have used subsidiary accounting records to adjust for capital expenditures and to add use allowance/depreciation.

In WSs 1&2, fictitious sourcing and work papers have been referenced. While not carried throughout the remaining WSs, they have been included to provide an example of the documentation being required for any schedules developed by the State. This should expedite any on-site review of the State's submission, if required.

ADJUSTMENT GUIDE

STEP 1: Most States do not issue an annual PACAP. Rather, it is amended as necessary. As such, most States will have to re-construct the plan as it existed in the base year by resurrecting superseded material. Only those portions of the plan which address allocations to the AFDC program, either directly or indirectly, need to be re-constructed. (Where costs are distributed to intermediate cost centers or pools which are subsequently allocated to AFDC or other pools that are eventually stepped down to AFDC, they would have to be included.) If plan material no longer exists, FY95 may be used with the results applied to the actual base year based on the ratio of the alternate year's adjustment to total costs. For those States with a base year of the average of FY92 - FY94, either FY94 or FY95 expenditures and PACAP may be used with the results for the XIX and FS adjustment being expressed as a percentage of total AFDC administrative costs, applied to each year's AFDC costs, and averaged for the adjustment for the FY92 - FY94 years.

STEP 2: Self-explanatory

STEP 3: Refer to the Food Stamp Protocol - Part II., Section I.E. and Part II., Section II.

STEP 4: Refer to the Worksheet Instructions to determine if the 20% adjustment to AFDC discrete time should be used.

STEP 5: Self-explanatory

STEP 6: The base could be FTEs, S&W, MTDC, etc. It is necessary to run parallel allocations of the IDC base and cost center expenditures to fully load the XIX and FS adjustment for their share of IDC on WS5 - BUT see Step 7.

STEP 7: This step may only apply if IDC was distributed to all organizational units, i.e. each unit's expenditures were allocated to programs, the IDC base was allocated to programs, program expenditures and IDC base were totaled for all organizational units, and then the IDC distribution was made. Where the IDC distribution was made just to an intermediate level, e.g. to the Division of Income Maintenance, Division of Medical Assistance, Division of Social Services, Division of Hearings and Appeals, etc., there may be no additional IDC adjustment, i.e. the calculation of the FTE IDC allocations. The IDC could be included in the cost center ADep Comm/IM@on the WS2 example. This would be reflected in the accounting records if each cost center was fully loaded, i.e., expressed as transfers, allocations or adjustments, before each step down. See the instructions to WS5 (Step 13) for the treatment if a summary IDC distribution was made to the division level and not included in the division's cost center prior to allocation. A clear understanding of the IDC distribution process is necessary before determining whether an allocation of the IDC base for each cost center is necessary.

STEP 8: Self-explanatory.

STEP 9: In the WS examples, only two schedules have been presented - 3A for Hearings and Appeals and 3B for Fraud and Abuse. In most States, there will probably be additional units in support of the eligibility function. Each supporting unit or cost center will have to have its own worksheet.

STEP 10: Refer to Step 9.

STEP 11: Refer to the Worksheet Instructions. In this step the EDP allocations are being re-allocated based on the IM Pool adjustment ratios for XIX and FS.

STEP 12: Self-explanatory.

STEP 13: Refer to Step 7 Instructions. Where IDC was only allocated to intermediate levels, such as the Dep Commissioner/IM, it must be determined if the base used was only that of the Deputy Commissioner's office and related support or if it included those statistics as well as those for all organizational units under the Deputy Commissioner. If the latter, the WS5 can be used. If the former, the worksheet will have to be somewhat re-formatted. All divisions in the base would have to be scheduled, the base identified and the IDC pool distributed. The degree of additional scheduling of data will be dependent on how the PACAP distributed the division allocations of IDC to programs. If the same base was used for all divisions, e.g. FTEs, then the FTE calculations in WSs 2 - 4 can be brought forward to WS5. If each division was allocated using a different base, then those bases would have to be substituted on WSs 2 - 4 and brought forward to WS5. But only if they were different from the original base used to allocate the cost center before the distribution of IDCs. For example, if Fraud and Abuse (WS3B) was allocated based on cases worked (work products) and the IDC attributable to the Fraud unit was distributed on the same basis, then the FTE or any other base would not have to be computed. However, if the IDC allocation to the Fraud Unit was based on FTEs and the re-allocation of the Fraud Unit and its related IDC was based on cases, then cases for each program would have to be scheduled on the worksheet and brought forward to WS5.

STEP 14: Self-explanatory.

STEP 15: While copies of worksheets and work papers developed for this project need to be submitted to the cognizant DCA, copies of accounting records are not required. The records relied upon in developing work papers and worksheets should be adequately referenced to provide an audit trail.

FOOD STAMP ADJUSTMENT GUIDE
STATE OF _____

(DATE)

TANF BASE YEAR)

STEP	W/P REF
<p>1. For the base year (or the alternate year being used) obtain or re-construct the PACAP for that period and the organization chart. (Only the portions of the PACAP that allocate, directly or indirectly, costs to the former AFDC program need to be reconstructed. This includes any intermediate pools/cost centers that are ultimately stepped down to that program.)</p>	
<p>2. Identify the base used to allocate local office eligibility determination costs (IM Pool). In those States that used a RMS or time and effort reports, obtain data/observation forms, instructions and training materials.</p> <p>2a. For States using recipient/case counts, obtain any written instructions concerning how cases were summarized and charged.</p>	
<p>3. For T&E States, based on the plan and the time study instructions, perform an analysis as to how the workers coded their time for all case configurations involving the AFDC program. (Do not include AFDC-EA, FC or work-related programs/activities - just administrative costs related to AFDC assistance payments.) For example, the program code AAFDC/Medicaid/FS@ did hits represent incremental AFDC time as well as common costs? For a category such as AFDC/FS, were hits to this category counted as AAFDC@ common or incremental - or AFood Stamps@incremental? (See Instructions for criteria to be used in determining Acommon costs@)</p> <p>3.a For States using recipient/case counts, establish whether a duplicated on un-duplicated count was used to allocate costs. Also determine how each case category involving AFDC (excluding EA and work programs) was assigned to a program.</p> <p>3.b Regardless if the State used T&E or case counts, schedule all AFDC, XIX and FS cases, by case mix, for each quarter in the base year. (This information will be used for independent analysis.)</p> <p>3.c If it is determined that common costs were allocated to all benefiting</p>	

programs, proceed to Step 8.	
<p>4. Schedule the quarterly statistics for all AFDC case categories on Worksheet #1 (WS). If the allocation base is T&E, re-allocate 80% of the time equally to all programs in the case category. Summarize the re-allocated time applicable to XIX and FS. (States should use the actual case mix or categories applicable in the base year.)</p> <p>4.a If the base is recipients or case counts, re-allocate the totals for each category equally to each program in the category (duplicated case count). Summarize the counts for XIX and FS. Compute the percentage these cases are to the total cases used to allocate the IM pool.</p>	
5. Identify all organizational units, cost centers or pools that were allocated based on the IM pool statistics and schedule them and the quarterly or annual expenditures on WS #2. Using the time or percentages from WS #1, re-distribute expenditures to XIX and FS.	
6. Determine the base used to distribute indirect costs and whether they were allocated down to the lowest organizational level/pool or just to state-office functions which excluded subordinate unit statistics.	
7. On WS #2, schedule the quarterly base determined in Step 6 and allocate to XIX and FS using WS #1 statistics.	
8. Identify all other organizational units/cost centers and pools allocating costs to AFDC and the allocation basis. Perform an analysis to determine which units support the eligibility process, such as fraud and abuse and fair hearings. For those units that supported the eligibility function, identify those units which were allocated using some form of primary program approach. (The total units are to be scheduled on a separate W/P, along with the analysis, and included with the package sent to HHS.)	
9. For each unit identified in Step 8., prepare a WS #3 scheduling the quarterly or annual average statistics and unit expenditures. Re-allocate the AFDC allocation to AFDC, XIX and FS.	
10. For each unit scheduled in Step 9., also schedule on WS #3 the XIX and FS statistics necessary to distribute indirect costs, if applicable. (See Steps 6 & 7.)	
11. Identify the allocation base for EDP and determine whether charges to AFDC were based on primary or benefiting program. If the former, schedule quarterly or annual expenditures on WS #4 and re-allocate to XIX and FS, using WS #1 statistics, those allocations originally made to AFDC.	

12. Also schedule on WS #4 the XIX and FS statistics necessary to distribute indirect costs. (Only to the extent they were in the base.)	
13. On WS #5, for each quarter schedule all indirect costs, support costs and pools in the State agency that were allocated to operating units/pools. From WS #2 - 4, schedule the XIX and FS IDC bases as well as the total statistics for the entire agency except for those pertaining to the IDC pool. Compute the XIX and FS share of the IDC.	
14. Summarize WS #2 - 5 on WS #6 for both XIX and FS and compute the Federal share @ 50% FFP.	
15. Submit an original and one copy of the following to the HHS/DCA cognizant official: (1) this Guide, with W/P references; (2) all supporting W/Ps and Ws; (3) the PACAP (as constructed in Step 1) and organizational chart for the base year; (4) time study forms and instructions or instructions for coding cases/recipients to programs; and (5) the basic application for public assistance in the base year. Also submit one copy of the above to: Director, Office of Audit Resolution and Cost Policy, RM 520-E HHH Building, 200 Independence Ave. S.W., Washington, D.C. 20201.	

FOOD STAMP ADJUSTMENT
STATE OF ALPHA
BASE YEAR 1995
RE-DISTRIBUTION OF IM POOL STATISTICS USING T&E AS THE BASE

<u>COST CEN/WP REF</u>	<u>AFDC CASE OR TIME CONFIGURATION</u>	<u>QUARTER I</u>	<u>QUARTER II</u>	<u>QUARTER III</u>	<u>QUARTER IV</u>	<u>QUARTERLY AVG</u>		<u>DISTRIBUTION OF COMMON BY TYPE OF CASE CONFIGURATION</u>			
								<u>AFDC</u>	<u>XIX</u>	<u>FS</u>	<u>TOTAL</u>
	<u>AFDC/XIX/FS</u>										
	AFDC					0.2372	<u>AFDC/XIX/FS</u>				
	AFDC-UP					<u>0.0213</u>	DISTRIBUTION OF COMMON	0.069	0.0689	0.0689	<u>0.2068</u>
	TOTAL					<u>0.2585</u>					
	COMMON @ 80%					<u>0.2068</u>					
	<u>AFDC/XIX</u>						<u>AFDC/XIX</u>				
	AFDC					0.0071	DISTRIBUTION OF COMMON	0.0037	0.0037	0	<u>0.0074</u>
	AFDC-UP					<u>0.0022</u>					
	TOTAL					<u>0.0093</u>					
	COMMON @ 80%					<u>0.0074</u>					
	<u>AFDC/FS</u>						<u>AFDC/FS</u>				
	AFDC					0.0414	DISTRIBUTION OF COMMON	0.0215	0	0.0214	<u>0.0429</u>
	AFDC-UP					<u>0.0122</u>					
	TOTAL					<u>0.0536</u>					
	COMMON @ 80%					<u>0.0429</u>					
	SUMMARY										
		<u>AFDC</u>	<u>XIX</u>	<u>FS</u>	<u>TOTAL</u>						
	AFDC/XIX/FS	0.0690	0.0689	0.0689	0.2068						
	AFDC/XIX	0.0037	0.0037	-0-	0.0074						
	AFDC/FS	<u>0.0215</u>	<u>-0-</u>	<u>0.0214</u>	<u>0.0429</u>						
	TOTAL	<u>0.0942</u>	<u>0.0726</u>	<u>0.0903</u>	<u>0.2571</u>						
		(TO WS #2)									

SOURCE: OFFICE OF PROGRAM STATISTICS REPORT 1612 - "RMS RESULTS BY QUARTER"

CALCULATION OF FOOD STAMP ADJUSTMENT
STATE OF ALPHA
BASE YEAR 1995
RE-DISTRIBUTION OF ALL COST CENTERS/POOLS USING IM POOL STATISTICS AS BASE

SECTION I - RE-DISTRIBUTION OF COSTS BASED ON WS#1 ADJ PERCENTAGES FOR XIX AND FS

		TOTAL POOL/COST CENTER EXPENDITURES				TOTAL	ADJ	ADJ TOTAL	XIX @ <u>.0726</u>	FS @ <u>.0903</u>
COST CENTER/WP	POOL/COST CENTER	QUARTER I	QUARTER II	QUARTER III	QUARTER IV					
03-046000	IM POOL					\$ 20,546,424	\$ (2,191,086)	\$ 18,355,338	\$ 1,332,598	\$ 1,657,487
03-000001	DEP COMM/IM					1,749,601		1,749,601	127,021	157,989
03-000002	PROG POLICY					871,063		871,063	63,239	78,657
03-000003	PROG SUPPORT					537,092		537,092	38,993	48,499
03-000004	PROG EVALUATION					498,569		498,569	36,196	45,021
	TOTAL					<u>\$ 24,202,749</u>	<u>\$ (2,191,086)</u>	<u>\$ 22,011,663</u>	<u>\$ 1,598,047</u>	<u>\$ 1,987,653</u>
									(TO WS #6)	

SECTION II - CONVERSION TO FTEs BASED ON IM POOL STATISTICS FOR XIX AND FS:

		TOTAL FTEs BY POOL/COST CENTER				QTRLY AVG	XIX @ <u>.0726</u>	FS @ <u>.0903</u>
POOL/COST CENTER		QUARTER I	QUARTER II	QUARTER III	QUARTER IV			
IM POOL						1027		
DEP COMM/IM						58		
PROG POLICY						34		
PROG SUPPORT						21		
PROG EVALUATION						20		
TOTAL						<u>1160</u>	<u>84.22</u>	<u>104.75</u>
(TO WS #5)								

SOURCE: EXPENDITURES - ALPHA DPW FMS REPORT 1015 - "MONTHLY EXPENDITURES BY APPROPRIATION, DEPT, AND ORGANIZATIONAL UNIT" FOR THE BASE YEAR.
FTEs - OFFICE OF PROGRAM STATISTICS REPORT 514 - "MONTHLY REPORT OF DPW FTEs BY ORGANIZATIONAL UNIT" FOR THE BASE YEAR.

ADJUSTMENTS: DEDUCTION OF CAPITAL EXPENDITURES AND ADDITION OF USE ALLOWANCE FROM OFFICE OF FIN, ACCTG, AND BUDGET/FEDERAL REPORTING BRANCH
REPORT 86 - SEE WP A-04.

CALCULATION OF FOOD STAMP ADJUSTMENT
STATE OF ALPHIA
BASE YEAR 1995
RE-DISTRIBUTION OF COST CENTERS/POOLS BASED ON WORK PRODUCTS
HEARINGS AND APPEALS

SECTION I - TOTAL CASES:

<u>CASE CONFIGURATION</u>	<u>QUARTER I CASES</u>	<u>QUARTER II CASES</u>	<u>QUARTER III CASES</u>	<u>QUARTER IV CASES</u>	<u>TOTAL CASES</u>
AFDC/XIX/FS					2421
AFDC/XIX					860
AFDC/FS					1267
ALL OTHER					<u>2374</u>
TOTAL					<u>6922</u>

SECTION II - RE-DISTRIBUTION TO XIX AND FS:

<u>CASE CONFIGURATION</u>	<u>AFDC</u>	<u>XIX</u>	<u>FS</u>	<u>TOTAL</u>
AFDC/XIX/FS (/3)	807	807	807	2421
AFDC/XIX (/2)	430	430	0	860
AFDC/FS (/2)	<u>634</u>	<u>0</u>	<u>633</u>	<u>1267</u>
TOTAL	<u>1871</u>	<u>1237</u>	<u>1440</u>	<u>4548</u>

SECTION III - TOTAL COST CENTER/POOL EXPENDITURES:

<u>ACCTNG REF</u>	<u>QUARTER - I</u>	<u>QUARTER - II</u>	<u>QUARTER - III</u>	<u>QUARTER - IV</u>	<u>TOTAL</u>	<u>ADJUSTMENTS</u>	<u>ADJ TOTAL</u>
					\$ 2,726,035		\$ 2,726,035

SECTION IV - CALCULATION OF XIX AND FS ADJUSTMENTS:

XIX RE-ALLOCATED CASES OF 1237/6922 TOTAL CASES = .1787 CASES x \$2,726,035 TOTAL COST CENTER EXP = \$487,142
 (TO WS #6)

FS RE-ALLOCATED CASES OF 1440/6922 TOTAL CASES = .2080 CASES x \$2,726,035 TOTAL COST CENTER EXP = \$567,015
 (TO WS #6)

SECTION V - CONVERSION OF WORK PRODUCTS TO FTEs:

<u>QUARTER I FTEs</u>	<u>QUARTER II FTEs</u>	<u>QUARTER III FTEs</u>	<u>QUARTER IV FTEs</u>	<u>TOTAL FTEs</u>	<u>AVG QTRLY FTEs</u>	<u>XIX FTEs @ 0.1787</u>	<u>FS FTEs @ 0.208</u>
					90	16.08	18.72
						(TO WS #5)	(TO WS #5)

SOURCE:

CALCULATION OF FOOD STAMP ADJUSTMENT
STATE OF ALPHA
BASE YEAR 1995
RE-DISTRIBUTION OF COST CENTERS/POOLS BASED ON WORK PRODUCTS
FRAUD AND ABUSE

SECTION I - RE-DISTRIBUTION OF COSTS:

CASES	QUARTER - I	QUARTER - II	QUARTER - III	QUARTER - IV	TOTAL	RE-DIST TO XIX @ 50%
AFDC/XIX CASES					10	5
ALL OTHER CASES					63	
TOTAL					73	

SECTION II - TOTAL FRAUD AND ABUSE EXPENDITURES:

ACCTG REF	QUARTER - I	QUARTER - II	QUARTER - III	QUARTER - IV	TOTAL	ADJUSTMENTS	ADJ TOTAL
					\$ 2,704,962		\$ 2,704,962

SECTION III - CALCULATION OF OVER-FUNDING ADJUSTMENT:

XIX RE-ALLOCATED CASES OF 5/73 TOTAL CASES = .0685 x \$2,704,962 TOTAL COST CENTER EXPENDITURES =\$185,290
(TO WS #6)

SECTION IV - CONVERSION OF WORK PRODUCTS TO FTEs:

QUARTER - I	QUARTER - II	QUARTER - III	QUARTER - IV	AVG QUARTER	
FTEs	FTEs	FTEs	FTEs	FTEs	XIX @ .0685
				98	6.713
					(TO WS #5)

*[NOTE TO USERS: THIS SCHEDULE ASSUMES THAT ANY CASE CONFIGURATION IN THE BASE YEAR WHICH INCLUDED BOTH AFDC AND FS WERE SPLIT EVENLY, I.E., 50% OF CASES/EXPENDITURES TO EACH. IF SUCH CASES WERE CHARGED 100% TO AFDC, ALLOCATIONS WILL HAVE TO BE BASED ON THE EXAMPLES OF CASE CONFIGURATIONS CONTAINED IN WS #3A.

SOURCE:

CALCULATION OF FOOD STAMP ADJUSTMENT

WORKSHEET #4

STATE OF ALPHA

BASE YEAR 1995

EDP

RE-DISTRIBUTION OF DIVISION OF INFORMATION SYSTEMS

SECTION I - AMOUNTS ALLOCATED TO AFDC FOR EDP SUPPORT (E.G. FAMIS):

<u>ACCOUNTING REF</u>	<u>QUARTER - I</u>	<u>QUARTER - II</u>	<u>QUARTER - III</u>	<u>QUARTER - IV</u>	<u>TOTAL</u>	<u>ADJUSTMENTS</u>	<u>ADJ TOTAL</u>	<u>FTE QTR AVG</u>
EXP					\$ 3,987,212		\$ 3,987,212	
FTES								102

SECTION II - CALCULATION OF EDP ADJUSTMENT:

T&E ADJUSTMENT FROM WS #1

XIX @ .0726

FS @ .0903

AMOUNT OF AFDC ALLOCATION RE-DISTRIBUTED TO:

\$ 289,472

\$ 360,045

(TO WS #6)

(TO WS #6)

FTEs OF AFDC ALLOCATION RE-DISTRIBUTED TO:

7.41

9.21

(TO WS #5)

(TO WS #5)

SOURCE:

CALCULATION OF FOOD STAMP ADJUSTMENT

STATE OF ALPHA

BASE YEAR 1995

SCHEDULE OF G&A AND OTHER JOINT COST CENTERS/POOLS ALLOCATED USING A COMMON BASE

SECTION I - G&A EXPENDITURES AND TOTAL FTE BASE:

EXPENDITURES									
ACCTG REF	COST CENTER	QUARTER - I	QUARTER - II	QUARTER - III	QUARTER - IV	TOTAL	ADJUSTMENTS	ADJ TOTAL	FTE QTR AVG
	SWCAP					\$ 3,261,057		\$ 3,261,057	
	OFF OF THE COMMISSIONER					2,811,328		2,811,328	
	OFF OF BUDGET,ACCTG & FIN					452,071		452,071	
	OFF OF PUBLIC AFFAIRS					2,165,257		2,165,257	
	OFF OF POLICY & EVALUATION					2,704,743		2,704,743	
	OFF OF PERSONNEL					974,601		974,601	
	OFF OF PROGRAM STATISTICS					<u>\$ 12,369,057</u>		<u>\$ 12,369,057</u>	
	TOTAL								

TOTAL DEPT FTE BASE (EXCL G&A)

10448

2612

SECTION II - XIX AND FS FTE ADJUSTMENT

WORKSHEETS	ADJ XIX FTEs	ADJ FS FTES	TOTAL
WS #2 FTEs	84.22	104.75	188.97
WS #3A FTEs	16.08	18.72	34.8
WS #3B FTEs	6.71	0	6.71
WS #4 FTEs	<u>7.41</u>	<u>9.21</u>	<u>16.62</u>
TOTAL FTEs	<u>114.42</u>	<u>132.68</u>	<u>247.1</u>

SECTION III - CALCULATION OF G&A ADJUSTMENT:

XIX FTEs OF 114.42/2612 TOTAL FTES = .0438 X \$12,369,057 G&A EXPENDITURES = \$541,765 (TO WS #6)

FS FTEs OF 132.68/2612 TOTAL FTES = .0508 X \$12,369,057 G&A EXPENDITURES = \$628,348 (TO WS #6)

SOURCE:

CALCULATION OF FOOD STAMP ADJUSTMENT
STATE OF ALPHA
BASE YEAR 1995
SUMMARY OF FS AND XIX ADJUSTMENTS

WORKSHEET SUMMARY:

#2 - COST CENTERS/POOLS USING IM POOL DATA
#3A- RE-DISTRIBUTION BASED ON WORK PRODUCTS - HEARINGS AND APPEALS
#3B- RE-DISTRIBUTION BASED ON WORK PRODUCTS - FRAUD AND ABUSE
#4 - RE-DISTRIBUTION OF EDP - OFFICE OF INFORMATION SYSTEMS
#5 - RE-DISTRIBUTION OF G&A
TOTAL ADJUSTMENTS

FFP @ 50%

<u>XIX</u>	<u>FS</u>	<u>TOTAL</u>
\$ 1,598,047	\$ 1,987,653	\$ 3,585,700
487,142	567,015	1,054,157
185,290	-	185,290
289,472	360,045	649,517
541,765	628,348	1,170,113
<u>\$ 3,101,716</u>	<u>\$ 3,543,061</u>	<u>\$ 6,644,777</u>
<u>\$ 1,550,858</u>	<u>\$ 1,771,531</u>	<u>\$ 3,322,389</u>